

Message Text

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ACTION ARA-10

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 8679

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

UNCLAS BRASILIA 9491

E.O. 11652: N/A

TAGS: EAGR, BR

SUBJECT: CALAZANS' COMMENTS ON CURRENT BRAZILIAN COFFEE SITUATION

FOLLOWING TELEGRAM PREPARED BY AMCONGEN RIO DE JANEIRO,
EMBASSY CONCURS.

1. IN NOVEMBER 9 MEETING WITH CONGEN RIO OFFICERS, IBC
PRESIDENT CALAZANS STATED THAT HE EXPECTED BRAZIL TO EXPORT
12 MILLION BAGS (60 KG.) OF GREEN COFFEE DURING THE CURRENT
MARKET YEAR (JULY 1976-JUNE 1977). HE EXPLAINED THAT THIS
ESTIMATE WAS BASED ON THE IBC'S EVALUATION OF THE MARKET
OVER THIS PERIOD. CALAZANS ADDED, HOWEVER, THAT THE IBC
WOULD KEEP ITS COMMITMENT TO PROVIDE ADEQUATE SUPPLIES AND
WOULD NOT LIMIT BRAZILIAN EXPORTS TO THE 12 MILLION FIGURE.
REGARDING PRICES, CALAZANS COMMENTED THAT THEY WERE AT A
GOOD LEVEL AND HE EXPECTED THEM TO REMAIN STABLE THROUGHOUT
MOST OF 1977. FUTURE PRICE BEHAVIOR WOULD DEPEND ON THE
RESULTS OF THE NEXT BRAZILIAN CROP. HE STATED THAT IT
WAS STILL TOO EARLY FOR A FIRM ESTIMATE OF THIS CROP BUT
PRELIMINARY REPORTS INDICATED POSSIBILITIES OF 15
MILLION BAGS.

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2. CALAZANS GAVE CONGEN OFFICERS COPIES OF LATEST IBC
EXPORT AND STOCK FIGURES. EXPORT BREAKDOWN IS AS
FOLLOWS:

	VOLUME (60 KG BAGS)		VALUE (\$1000)	
	GREEN	SOLUBLE	GREEN	SOLUBLE
OCTOBER	1,324,570	162,284	237,940	20,505
CALENDAR				
YEAR-TO-DATE	9,320,734	1,765,591	1,382,295	167,073

IBC FIGURES SHOW BRAZILIAN STOCKS AS OF END OF OCTOBER
TO BE 27 MILLION BAGS (9.4 MILLION - IBC STOCKS).

3. ACCORDING TO CALAZANS, THE RESULTS OF THE CURRENT IBC
REPLANTING PROGRAM HAVE BEEN MIXED. IN PARANA, WHERE THE TARGET
IS 120 MILLION NEW TREES BY NEXT MAY, ONLY 30-40 MILLION HAD
BEEN PLANTED THROUGH SEPTEMBER. CALAZANS NOTED THAT PARANA
GROWERS HAVE BEEN SWITCHING TO SOY AND WHEAT. SAO PAULO
REPLANTING IS PROCEEDING ACCORDING TO PLAN WITH ABOUT 60 MILLION
NEW TREES. IN MINAS GERAIS, THE TOTAL HAS ALREADY REACHED 140
MILLION, WELL ABOVE THE 50 MILLION ORIGINALLY PROGRAMMED.
CALAZANS POINTED OUT THAT THIS RELATIVE SHIFT OF COFFEE PRODUCTION
TO THE NORTH WOULD GIVE BRAZIL A MORE SECURE COFFEE CROP, SINCE
MINAS GERAIS IS NOT SUBJECT TO THE SEVERE FROSTS WHICH HAVE
PERIODICALLY DEVASTED THE PARANA CROP. (HE NOTED SOMEWHAT
GREATER SENSITIVITY TO DROUGHT, HOWEVER.) BRAZIL'S LONGER TERM
TARGETS ARE A NATIONAL PRODUCTION LEVEL OF 26-28 MILLION BAGS
AND 30 PERCENT SHARE OF THE WORLD MARKET. CALAZANS ADDED
THIS SHARE COULD BE GREATER IF AFRICAN PRODUCTION FALTERS
(WHICH HE CONSIDERED QUITE POSSIBLE).
CRIMMINS

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